SUBJECT: COMMITTING AFFORDABLE HOUSING S106 CONTRIBUTIONS **MEETING: CABINET** **DATE: 20 MAY 2026** **DIVISION/WARDS AFFECTED: ALL**

1. PURPOSE

1.1 To brief Cabinet on the status of Affordable Housing S106 contributions.

1.2 To recommend options to commit and spend the funding.

2. RECOMMENDATIONS:

2.1 To agree to committing and spending S106 contributions linked to affordable housing as follows:

- **Chepstow & Caldicot Housing Market Area:**
  Severn View, **Chepstow** – up to £260,720 S106 contributions are applied to costs linked to the conversion and refurbishment of Severn View.

- **Abergavenny Housing Market Area**
  9 Park Crescent, Abergavenny – up to £250,000 S106 contributions are applied to the balance of costs of acquiring and refurbishing Park Crescent.

  Acquisitions – £193,100.51 S106 contributions are applied to the cost of purchasing a suitable property off the open market.

- **Monmouth Housing Market Area**
  Nailers Lane, Monmouth – £28,556.34 S106 contributions are applied to the redevelopment of Nailers Lane.

3. KEY ISSUES

3.1 It is a principle of the Council's Planning Policy that all residential developments of between 1 – 4 dwellings should contribute to the provision of affordable housing, irrespective of whether the size of the development falls below the threshold for onsite provision. There are some exemptions linked to residential conversions, but this approach has enabled the collection of monies to support affordable housing delivery.

3.2 As of July 2025, the total amount of affordable housing contributions held was £905,458.37. This sum is made up of contributions generated following development in one of the Housing Market Areas (HMA) of Abergavenny, Chepstow & Caldicot or Monmouth and will have a date of expiry whereby the monies must be spent. Financial contributions gathered by the Council must be used to deliver affordable housing in the HMA from which they are collected. The Council can combine financial contributions from different sites and will spend contributions in the way that best achieves the Council's priorities for affordable housing, which could include new build, purchasing an existing home, converting existing buildings or bringing an empty home back into use.

The total amount of financial contributions held for each of the HMA is listed in Table 1 below.

Table 1: Total Contributions

Abergavenny	£474,351.86
Chepstow & Caldicot	£398,157.17
Monmouth	£32,959.34
Total	**£905,458.37**

3.3 Further analysis of the contributions indicates a range of timescales for spend, with some contributions already reaching their original spend dates, others expected to do so by 31 December 2026 with the remainder extending into 2027 and beyond.

Table 2: Contributions by Spend Time Frame

	Short term spend period - before 31.12.25	**Medium term spend period - before 31.12.2026**	**Longer term spend period - 2027 onwards**
Abergavenny	£179,616.00	£263,484.51	£21,292.15
Chepstow & Caldicot	£223,391.88	£37,328.87	£139,540.72
Monmouth	£28,556.34	£0	£12,249.00
SUB TOTAL	**£431,564.22**	**£300,812.38**	**£173,081.87**
TOTAL	**£905,458**		

3.4 It is proposed that £732,376.60 of the contributions are prioritised for commitment to the following projects, reflecting contributions with shorter and medium term spend timescales up to 31 December 2026.

- **Chepstow & Caldicot Housing Market Area**
  Severn View, Chepstow - Severn View is a former residential home which has been converted to accommodation for homeless households and accommodates up to seventeen single persons. The conversion and refurbishment of this property was recently undertaken with final costs expected to be in the region of £350,000. It is proposed that up to £260,720.75 in S106 contributions are applied to costs linked to the conversion and refurbishment of Severn View, this approach would see a significant amount of S106 contributions committed and avoid the need for the Council to fund the whole of the conversion costs.

- **Abergavenny Housing Market Area**
  9 Park Crescent, Abergavenny - Park Crescent is a newly acquired property by Monmouthshire Council. Purchased with funding from Welsh Government's Transitional Accommodation Capital Programme (TACP), it is intended to be converted to a House of Multiple Occupation (HMO) for homeless households.

The expected cost of the refurbishment is estimated at £300,000, a proportion of this is committed in this year's TACP programme but there is a shortfall of £250,000 (based on costs of £300,000). This shortfall would usually be covered by Council funds, but it is proposed that £250,000 in contributions are ring fenced to cover the shortfall in costs. Completion of the refurbishment is expected in Autumn 2026. Costs are still to be confirmed and the intention will be to utilise available S106 contributions to cover any costs above the estimate of £300,000.

Acquisitions – Working with a preferred RSL it is proposed to use a proportion of contributions to the value of £193,100.51 to support acquiring one or two properties off the open market in Abergavenny. These properties would be available for social rent and allocated to households with a recognised housing need. It is likely that the cost of acquisition and any refurbishment required to meet housing standards will have to be supplemented by Social Housing Grant (SHG) and built into the Council's Programme Development Plan (PDP).

- **Monmouth Housing Market Area**
  Nailers Lane, Monmouth – Housing Strategy are working in collaboration with Hedyn to bring forward the development of Nailers Lane. The intention is to deliver four one-bedroom apartments, upon completion the council will lease this accommodation from Hedyn for use for homeless households. This development will be in receipt of Social Housing Grant (SHG) and is projected to draw funding this financial year (2026/27). It is proposed that £28,556.34 of SHG is substituted with S106 contributions. This will free up £28,556.34 of SHG to support new delivery elsewhere.

4. EQUALITY AND FUTURE GENERATIONS EVALUATION (INCLUDES SOCIAL JUSTICE, SAFEGUARDING AND CORPORATE PARENTING

4.1 The following is an overview of the evaluation, a more detailed breakdown can be found at **Appendix One:** There are no negative financial implications associated with the proposal as the funds have already been received by the Council. There are significant positive impacts especially around health and wellbeing goals by contributing to a "healthier Wales" and a "more equal Wales". The proposal meets the sustainability goal by its contribution to the following principles "Balancing short term need with long term and planning for the future".

5. OPTIONS APPRAISAL

5.1 An options appraisal has been undertaken – see Table 3.

Table 3: Options Appraisal

Option	Benefit	Risk
1. The preferred option: Allocate/Spend the short and medium term spend period funds as set out.	It is a priority of the Council to increase the provision of affordable housing in Monmouthshire.	£431,564.22 of contributions have passed the spend date. This could be open to challenge and could result in the contribution needing to be

	Majority of proposal focuses on the delivery of single person temporary accommodation. Reduces capital outlay for the Council and revenue loan repayments. Ensures full commitment/spend of affordable housing S106 contributions which are time sensitive. It complements other available capital funding for affordable-housing.	returned/repaid. Severn View, Chepstow use as temporary accommodation, at present is a temporary arrangement of 5 years.
2. Not spend the S106 contributions and only allocate/spend those with a longer term spend period.	No risk of challenge	This option does not support the Council's priority to increase the provision of affordable housing. Capital outlay and revenue loan repayments for the Council remains the same as it does now Potential reputational risk/poor publicity if unspent monies are returned at a time when the Council has identified unmet social and homeless housing need.

6. REASONS

6.1 This proposal supports the objective in the Community and Corporate Plan to 'increase the supply of good quality affordable housing.'

6.2 The council has received the S106 contributions listed in this report and further action is required as per the individual S106 agreements.

6.3 The proposed allocation and spend supports the delivery of affordable accommodation, with the use of the projects contained in this report being concentrated on accommodation for homeless households or other households with a recognised a housing need.

6.4 The Council has a duty to prevent and respond to homelessness under the Housing (Wales) Act 2014.

6.5 The Council is expected to support Welsh Governments homeless policy vision that homelessness should be rarer, brief and non-recurring.

6.6 The proposal also supports the Council to meet the Welsh Government requirement to adopt a Rapid Rehousing approach to homelessness as per the Rapid Rehousing Transition Plan approved by Cabinet 5 April 2023 whilst also addressing other relevant policy documents such as Homelessness Strategy GOV WALES, Ending Homelessness in Wales: a high level action plan 2021 to 2026 (gov.wales) and Homelessness accommodation provision and rough sleeping: July 2022 GOV.WALES.

7. RESOURCE IMPLICATIONS

7.1 The S106 monies referenced in this report have already been received and must be used to support the delivery of affordable housing. The suggested use will not have a negative impact on capital budgets.

7.2 In the case of Severn View and 9 Park Crescent, the proposal would reduce the Council's financial capital commitment as it suggests substituting Council funding with S106 monies.

7.3 For Nailers Lane, an allocation has already been made within the Social Housing Grant programme, and the proposed use will result in an element of the ring-fenced grant funding being made available to support affordable housing elsewhere.

8. CONSULTEES

Cabinet; Senior Leadership Team; Social Care DMT; Housing & Communities Management Team; S106 Working Group**.**

8.1 **BACKGROUND PAPERS**

Housing (Wales) Act 2014; Welsh Government, Phase 2 Homeless and Housing Support Planning Guidance, 2021; Welsh Government, Ending homelessness in Wales: a high level action plan 2021 to 2026; Welsh Government, Rapid Rehousing Transition Plans: Guidance for Local Authorities & Partners, 2021; Monmouthshire Council, Housing Support Programme Strategy 2022; Monmouthshire Council, Rapid Rehousing Transition Plan and Action Plan, 2023; Welsh Government, White Paper on Ending Homelessness 2023; S106 Agreements.

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